

# M e m o r a n d u m

To: Panel Members

Date: August 27, 2004

From: Ruby Cohen, Manager

Analyst: J. Daunt

Subject: ONE-STEP AGREEMENT FOR **GREENHECK FAN CORPORATION**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce  
Developed Jointly By Management & Workers  
Moving To A High Performance Workplace  
Stimulating Exports / Imports
- Type of Industry: Manufacturing
- Repeat Contractor: Yes
- Contractor's Full-Time Employees
  - *Worldwide:* 1,450
  - *In California:* 98
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: Sheet Metal Workers International Association,  
Local Union No. 162

## **CONTRACT:**

- Program Costs: \$57,720
- Substantial Contribution: \$0
- Total ETP Funding: \$57,720
- Total In-kind Contribution: \$76,000
  - *Trainee Wages Paid During Training:* \$76,000
  - *Other Contributions:*
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Placer

## **INTRODUCTION:**

Greenheck Fan Corporation of Rocklin, California, is a manufacturer of ventilation equipment. The Company designs, manufactures and ships large-scale ventilation units, energy-recovery ventilation systems, centrifugal and vane axial units, and related systems to customers both within and outside of the United States. Greenheck qualifies as a single employer engaged in manufacturing, as stipulated in Title 22, California Code of Regulations, Section 4416(b).

## **MEETING ETP GOALS AND OBJECTIVES:**

Greenheck Fan Corporation proposes training that will further the following ETP goals and objectives:

- 1) As a manufacturer of ventilation equipment, Greenheck has formulated a training program for its employees that will meet ETP's legislative mandate to foster the retention of manufacturing jobs within the state.
- 2) Training is targeted to meet the need for a skilled manufacturing workforce facing strong competition outside California. This project thereby meets ETP's legislative mandate to foster job retention in industries threatened by out-of-state competition.
- 3) Training is designed to enhance the occupational skills of workers in order to prepare them for progress toward a high performance workplace.

**TRAINING PLAN TABLE:**

Job Number / Trainee Type	Types Of Training	No. Retain	No. Class / Lab Video-conf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
1 / Retrainee	Menu: Business Skills Computer Skills Continuous Improvement Hazardous Materials Skills Manufacturing Skills	30	24-172	0	\$1,924	\$14.18- \$24.36
					<b><u>Prevalent Hourly Wage</u></b> \$16.00	
					<b><u>Average Cost Per Trainee</u></b> \$1,924	
<b><u>Health Benefits Used To Meet ETP Minimum Wage:</u></b> Although Greenheck Fan Corporation pays medical and dental benefits for its employees, the hourly contribution is not being used to meet ETP’s minimum wage.				<b><u>Turnover Rate</u></b> 12.9 %		<b><u>% Of Mgrs &amp; Supervisors To Be Trained:</u></b> 0%
<b><u>Other Employee Benefits:</u></b> Medical and dental benefits, 401(k) plan, paid vacation, flex accounts, employee stock ownership plan.						

**COMMENTS / ISSUES:**

➤ ***Frontline Workers***

All participants in this project meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee).

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

➤ ***Union Support***

Sheet Metal Workers International Association, Local Union No. 162, has provided written support for Greenheck's ETP application for an ETP Agreement.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this Agreement if funding is available and the project meets the Panel priorities.

**NARRATIVE:**

Founded in 1947 by Bernie and Bob Greenheck, the Company began as a metal shop in Schofield, Wisconsin. Since then, Greenheck Fan Corporation has grown significantly, with annual sales of over \$210 million, approximately 1,450 employees, and over a million square feet of manufacturing space in the United States and in China. (Greenheck's manufacturing plant in Kunshan, China, opened in October 2003.) Headquartered in Schofield, Greenheck's American manufacturing facilities are located in Kentucky, Wisconsin and California. The Company also operates eight distribution facilities located throughout the United States.

Greenheck equipment is used for commercial, institutional, and industrial buildings in applications from comfort ventilation to manufacturing processes. Some of the ventilation products include fans and ventilators, centrifugal and vane axial fans, kitchen ventilation systems, dampers, louvers, makeup air units, and energy recovery ventilators.

Greenheck officials state that the Company is faced with increasing demands for dampers and louvers used to control airflow and for Greenheck's heavy duty lines of centrifugal, vane axial and tube axial fans used in industrial settings. In addition, officials state that the Company's customers are increasingly demanding next-day delivery. As a result, Greenheck has sought ways to move closer to a high performance workplace. The current training proposal – in which 30 production employees will be trained in manufacturing processes that are new to Greenheck's Rocklin facility, as well as occupational skills that will be new to these specific trainees – is stated to be an important step toward higher performance.

In addition, Greenheck acquired a company called Innovent in January 2003. Greenheck representatives state that the acquisition provided access to a new line of related products, with only a slight increase in the total number of employees. The representatives state that this expansion has resulted in a need to train workers in specific manufacturing skills involved with the new products. They further state that no workers were displaced as a result of the acquisition. Specifically, trainees will receive a menu curriculum consisting of the following:

**Manufacturing Skills** will be provided to production workers and team leaders in order to provide them with enhanced skills necessary for the optimal operation of new equipment that Greenheck has purchased and installed at the Company's Rocklin location for the purpose of manufacturing a new product line of dampers and louvers Greenheck acquired through its acquisition of Innovent. In this project, "Welding" is not welding *per se*, because the trainees are not welders (see occupations in the chart on a previous page). They will not be learning welding *per se*, they will be trained in the assembly of a new product line of components for ventilation systems. They are production workers and production team leads whose occupation is to assemble the Company's products.

**NARRATIVE:** (continued)

**Business Skills** – the primary aim of the proposed Business Skills training, according to Company representatives, is to improve communication among workers. Trainees will learn how to communicate more effectively with co-workers and supervisors, thus facilitating the problem solving and team building skills that will be provided in the Continuous Improvement portion of the curriculum.

**Computer Skills** training will allow the production employees who will participate in the training program to understand and utilize the software that is being implemented in the Company's new production processes, and thereby to correctly and efficiently participate in the overall manufacturing processes by which the facility operates.

**Continuous Improvement** will include teambuilding and problem solving techniques designed to achieve and maintain a higher performance culture in the workplace.

**Hazardous Materials Skills** – The Hazardous Materials or HAZMAT training that is included in the curriculum is designed to exceed the minimal requirements under which Greenheck's Rocklin plant operates. Thus, the HAZMAT to be provided under this proposal is above and beyond that which is mandated by law. The Company is providing this training in order to sharpen the trainees' problem solving skills as included in the Continuous Improvement portion of the curriculum and to improve productivity by facilitating a workplace environment in which problems are prevented.

Officials state that Greenheck's overall goal in providing the above skills in the proposed training plan is to maximize productivity and profitability by reducing costs, increasing efficiency, and improving the quality of the Company's products.

***Supplemental Nature of Training***

State law requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs.

Greenheck Fan Corporation has provided and currently provides training in general safety, Company orientation, and diversity awareness and related training, at Company expense. In addition, Greenheck in its previous ETP Agreement (ET01-0101) provided Manufacturing Skills on product lines that were put into place prior to January 2003.

In January 2003, Greenheck acquired a company called Innovent, allowing Greenheck to expand its production to include a new product line of dampers and louvers. Company representatives state that no workers were displaced as a result of the acquisition. In order to implement the manufacture of the new product line, Greenheck has purchased approximately \$600,000 worth of new equipment, which is in the process of being installed at the Company's Rocklin location. The Manufacturing Skills portion of the curriculum is for training in the proper use of this new equipment. Because the equipment is new, designed for the manufacture of a new product line, the Manufacturing Skills portion is supplemental training that has not previously been provided to any of the trainees.

Furthermore, Computer Skills, Continuous Improvement, and Business Skills were provided during Greenheck's previous ETP Agreement. Under the current proposal, the Computer Skills training covers material that was not included in the curriculum of the previous Agreement. The

Continuous Improvement and Business Skills in the current proposal is more advanced than that which was included in the first Agreement and will be provided to trainees who were not included in the previous ETP program.

In addition, Leadership Skills training was included in the previous program. This type of training is not part of the current application. Also, the current proposal includes Hazardous Materials (Hazmat) training. This was not part of the previous Agreement. For these reasons, the training that comprises the Company's current proposal is supplemental.

Greenheck Fan Corporation is not receiving training funds from any other source.

### **SUBCONTRACTORS:**

County of Placer Office of Economic Development, Auburn, California, administrative tasks, at a cost of no more than 13 percent of the amount *earned*.

### **THIRD PARTY SERVICES:**

County of Placer Office of Economic Development assisted in the development of this application at no cost to Greenheck Fan Corporation.

### **PRIOR PROJECTS:**

This will be the second ETP Agreement with Greenheck Fan Corporation. The following are completed project statistics for the first ETP Agreement with Greenheck Fan Corporation:

PRIOR PROJECTS						
Agreement Number	Location (City)	Term	Amount Earned		Planned In-kind Contribution	Reported In-kind Contribution
			\$	%		
ET01-0101 Retrainees	Sacramento	07/03/2000- 07/02/2002	\$55,325	46.5%	\$140,000	\$65,000

*Comments:* The Contractor's representatives state that steps have been taken in the planning and design of the current training proposal to obtain a more favorable performance. First, the Company is applying for approximately the same dollar amount as the total dollars earned under its previous ETP Agreement. Second, unlike the previous Agreement, there will be no structured, on-site training (SOST) in the proposed training program. Third, the Contractor has chosen the variable reimbursement method, allowing significantly greater flexibility in the implementation of the training. Contractor's representatives believe that as a result of these differences, the success of the current proposal is maximized.

Greenheck Fan Corporation  
Menu Curriculum

Class/Lab and/or Videoconference hours  
24-172

Trainees will receive any of the following.

Business Skills – Communication

Written  
Interpersonal  
Presentation

Computer Skills

Systems Applications Products (SAP)  
Related SAP Systems

Continuous Improvement Skills

Team Building  
Problem Solving Process  
Problem Solving Tools

Hazardous Materials - HAZMAT

Raw Materials Characteristics  
Materials Identification / Terms  
Hazardous Material Techniques

Manufacturing Skills

Basic Welding for Non Welders  
Basic Techniques  
Advanced Techniques  
Joints  
Symbols  
Safety in Welding  
Working with Aluminum

Spot Welding for Non Welders  
Machine Set-up  
Weld Integrity  
Symptom Diagnosis  
Safety in Welding  
Maintenance

Greenheck Fan Corporation

Manufacturing Skills (continued)

Press Brake Systems

Terminology

Machine Set-up

Maintenance

Operator Safety

Machine Controls

Wiring

Theory & Processes

Print Reading

Print Symbols

Blueprints

Demand Flow

Line Flow

Replenishments

Performance Matrix

Quality Standards





**SHEET METAL WORKERS INTERNATIONAL ASSOCIATION**  
**LOCAL UNION No. 162**

2840 EL CENTRO ROAD, SUITE 110 • TELEPHONE (916) 922-1133 • FAX (916) 922-1133  
SACRAMENTO, CALIFORNIA 95833

May 6, 2004

The Employment Training Panel  
1100 J Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Re: Greenheck Fan Corporation

To Whom It May Concern:

I am writing this letter in regards to the application submitted by Greenheck Fan Corporation to the Employment Training Panel. We agree with the proposed training project for our members employed at Greenheck Fan Corporation.

If you have any questions or concerns please feel free to contact me at (916) 911-2244 extension 18 or my cell phone at (916) 601-1362.

Sincerely,

Salvatore J. Rotolo  
Business Representative

Enclosure

Cc: Mr. Shawn Sobieralski, Greenheck Fan Corporation

SJR/kav  
Opeiu #29 Afl-Cio

EMPLOYMENT  
MAY 10 2004  
TRAINING PANEL